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FRANK JENKINS .... Editor

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The New Deal—Where Will It Lead Us?

NOW that the smoke has cleared away at Washington, it is pretty evident that the acts of the last three months have started us off at one of the most rapid clips we ever attained.

But it isn't yet all clear in what direction we are going.

Maybe we are heading toward socialism; maybe we are swinging off for state capitalism of a kind that will make Signor Mussolini's Fascism look watery. Nobody can tell, today, and so far nobody seems to care very much. The important thing is that we are on our way. We can figure out the goal later.

That, in fact, is one of the most interesting things about the new program. We have passed one great fork in the road—we have swung away from the free individualism of the past, and it doesn't look as if we should ever go back to it—but the main fork is still ahead of us. We still have plenty of time to decide whether we are to go on to outright socialism or whether we can build our next century of progress on a controlled, carefully regulated capitalism.

Lump together all of those amazing recovery measures—industrial control, farm relief, Muscle Shoals, inflation, mortgage relief and all the rest—and you find that we haven't definitely committed ourselves.

Capitalism gets its chance to prove that it can lay down and follow out a plan in which the interests of the average citizen will be fully protected.

The great fields of manufacturing, transportation, finance, agriculture and distribution are still held by their original owners. If they can produce a satisfactory crop during the next few years, well and good.

On the other hand, we are going to get a pretty good idea of what the federal government can do on its own hook. Is it capable of running a large, publicly-owned industry, of overseeing every sort of commercial and financial activity, of maintaining decent wage levels and stabilizing money and prices? We shall have pretty good answers to those questions in a very few years.

Meanwhile, we are still free to make our choice. We are not, at the moment, trying to go toward anything; we are trying to get away from something — the depression, low wages, unemployment, hunger, chaos, misery. Where we may fetch up, in the end, is something for the seventh son of a seventh son. Meanwhile, we are on our way.

The Wrong Remedy.

IT is not likely that the railroads' announcement of their intention to reduce basic wage rates by approximately 22 per cent will win any large amount of public approval.

It can be granted, of course, that the railroads are pretty hard pushed financially. A great many of them need some sort of relief. Not as many of them have come out of the red during the current revival as we might like.

But this time, of all times, is a poor time for wage reductions. The nation is bending every effort today to get wages back up, to stop deflation and increase the country's purchasing power. For one of the nation's largest industries to go ahead with a far-reaching wage reduction would be little less than a catastrophe. The general public will be almost unanimous in insisting that some other form of relief for the carriers be found.

Income Tax Publicity.

ONE thing to be remembered in the mass of new legislation passed at Washington is the fact that the president is empowered to give publicity to income tax returns. A good many citizens are likely to hope that he takes advantage of this power.

The disclosures about income tax evasions in the Morgan investigation would not have been news at all if we had had publicity for income tax returns during the last few years. And with those disclosures in mind, it is a little hard to sympathize with those who oppose such publicity on the ground that it is an unwarranted intrusion upon the private affairs of individual citizens.

It took a senate committee to show us that Morgan and his partners had found ways of getting along without paying income taxes. Under the new law the president himself, by a turn of the hand, could make such information automatically available from day to day.

When a plane can drop so completely from sight in Oregon, we begin to realize what a huge and unpopulated state we have.

Expense Fund on Cash Basis Again

The county current expense fund is back on a warrant basis today, all outstanding warrants having been called on June 15 and on a cash basis the brief period Thursday. There are several thousand dollars worth of these still outstanding which will be paid as presented, according to County Treasurer George P. Taylor.

Mr. Taylor also expressed himself in favor of the armory fund being voted for use as outlined by the county court, which he considers will be the menas of the county resuming a cash basis, quite indefinitely, and with the revolving fund in operation an armory can be built at such time as the state is in a position to match funds as originally proposed.

LITTLE ORPHAN ANNIE By Harold Gray

SIDE GLANCES— *by George Clark*

"I despise summer parties, but if you don't go they stop inviting you."

The National Whirligig

Inside Story of Washington

The News Behind the News

By PAUL MALLON

Debts

You may have noticed that Hearst and the senate nationalists had very little to say about Mr. Roosevelt's war debt policy. They were supposed to explode but the explosion was more like a cap than a cannon. There's a reason.

Mr. Roosevelt let them in on the inside of negotiations leading up to the final decision. He did that to show he had nothing up his sleeve. The result was he won their confidence. When the announcement was made they knew it was probably the best arrangement that could possibly have been made.

They had to praise it with faint damns.

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That was not the smartest thing the administration did on the debt issue. The whole thing was handled with the same disarming cleverness.

The British and American notes were fixed up in a very friendly way. Each consulted the other about what he should write. The correspondence was made mutually satisfactory before it was written. Our boys fixed it so as not to ruin MacDonald's domestic political situation. He did the same for us.

It is whispered authentically that at one time we actually agreed to name a date in July when we would meet with the British on debts. They thought that was not necessary so it was left out of our note.

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There were two hitches in the inside program. The first was when MacDonald started talking about debts at the London conference. Our officials had no idea he wou'd do such a thing. They had MacDonald's private word to keep debts out of the conference. It did not matter greatly. We have his confidential assurances now that there will be no more of that sort of business.

The second surprise to our officials was when they paid in silver. They chiseled us out of about two million dollars that way. We thought they would pay in dollars or securities.

They got caught in their own trap there. Their failure to buy dollars helped the little game our boys were playing with the British pound.

All in all we broke fairly well.

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The strategy behind this administration maneuvering is clear. We are lining up Great Britain and incidentally Italy as our friends in Europe. They deserve it. Britain has paid eight times as much as France. Italy has dealt very fairly with us on the inside and out.

With those two on our side you can see how it is going to be for the defaulters—France and her allies. The united front they had in Europe after the Lausanne conference is completely broken up.

We will deal with each, separately—and harshly.

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The boys near the top believe their debt troubles are over for the duration of the London conference. They think the temporary arrangement saved the conference. It did. They also believe MacDonald will keep his word to avoid future references to that subject in London. He probably will.

Their secret hope is that the London meeting will conclude before the final debt agreement is made.

In that they are too optimistic. If European diplomacy is handled as it usually is, you will see the London delegates turn around and ask about debts just when the time comes to sign some tariff and silver agreements.

It is a two-to-one bet they will never sign until they get a final debt understanding.

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Cuts

The democrats made a deal with Republican Leader McNary on government reorganization. They agreed to let the republicans get in one kick at the presidential program if the republicans would be satisfied with one. They were.

That is why you saw the senate unanimously adopt the McNary resolution deferring cuts in agricultural education work. Also why republicans like Senator Reed suddenly dropped resolutions kicking at other points in the program.

The White House agreed to take the rap. Those agricultural cuts probably will never go into effect. Protests from the west were too loud and strong.

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Steam

Less drinking and drunkenness were noticeable at the closing session of congress this year. Usually the boys blow off steam that final night and use bottles for the purpose. This year fewer were drinking and they drank less.

The idea has been offered that the advent of beer promoted temperance. A more logical reason is that they were not sure up to the final moments whether it would be their last night.

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A synthetically happy congressman who threw away money on the closing night of the last congress found a less expensive way to amuse himself this time. He made a speech. That is, he tried to make a speech. The house applauded so he could not be heard. He resented this and invited them all to do battle with him, singly or en masse. They refused to do either but continued to applaud.

There was nothing for the congressman to do but sit down. He did.

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Rails

The boys upstairs look on the rail pay reduction notice as a bluff. It merely opens negotiations on the wage question.

When the wages are fixed, it will be done by the government. The old 100 per cent will probably be continued. The 22½ per cent reduction proposal is merely the railroad asking price.

The only reason the government tried to stop it was because it meant bad publicity for business recovery.

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Notes

The man who handled the debt negotiations backstage is Prof. Moley . . . He is supposed to have been the liaison man with Hearst and the senate progressives . . . The debt negotiations with the British probably will begin the middle of July and conclude in the fall . . . We will be in no hurry to get it over before the London conference ends . . . The time schedule may be rearranged if the Europeans start playing the London conference against the debts . . . The boys at the top were more frightened than you know about the possibility of war debts breaking up the London conference at the start . . . Mr. Roosevelt's intimates noticed the absence of his habitual smile during the closing days of congress . . . He needed the rest he is getting now.

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NEW YORK

By James McMullin

Dollar

The rebound of the dollar from $4.19 to the pound to $4.03 after the London conference got off to a seamy start was no coincidence.

The same American crowd which has been buying sterling and converting it to gold turned around and began buying dollars. It would be stretching it a point to say that they did so on orders. But they did get the intimation—very unofficially of course—that such a course would not be viewed amiss in Washington.

The maneuver was dollar diplomacy of a very high quality. Having showed England what we could do with the dollar if we had a mind to, we then said in effect that we wouldn't do it if she would do some real cooperating.

It all goes to show what Washington and New York can accomplish with their combined resources when they really get together.

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Diplomacy

Mr. Roosevelt is credited here with miraculous skill in saving the conference from premature shipwreck.

The British were sore clear through. They resented what they called our high-handed methods and were all set to take us for a ride.

Then Mr. Roosevelt gave them a graceful out on their June 15th debt payment. You will never know how grateful they were for that. They have too many debtors themselves to indulge in the luxury of default and they could not have made full payment without serious risk of upsetting the government. At the same time the dollar was permitted to climb again in a manner which relieved English worries.

The British responded with more than flowers. Neville Chamberlain promptly made a speech in favor of credit expansion by cooperation of central banks. This is the heart of the Roosevelt program for world recovery. Chamberlain's remarks were especially significant because he had strongly opposed such a policy up to that moment.

At the same time vigorous British undercover opposition to James M. Cox as head of the Monetary commission—which had been amazingly bitter—suddenly changed to staunch support.

This should not be taken to mean that all the Anglo-American differences are smoothed out. We still don't care for the British idea of a proper level for stabilization. But at least a glimmer of hope has been revived that the conference will get somewhere.

Some People Say

The university is a mating mill. It should be. With its beautiful campus, magnificent views, adjacent lakes and the opportunities students have to measure each others' worth, why shouldn't the students fall in love?—Prof. E. A. Ross, University of Wisconsin sociologist.

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Every person who consents to making terms with the Japanese is my inveterate and eternal enemy.—Feng Yu-hsiang, China's "Christian general."

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I've been so busy living that I haven't had time to formulate a philosophy of life.—Samuel Untermeyer, noted lawyer, on his 75th birthday.

Editorials on News

(Continued From Page One)

me, and if I had to do without it I would miss it terribly."

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"THEN consider this:

"In return for the taxes I pay, I get the services of the schools, which educate my children. Suppose I had to pay for all this service myself, without the co-operation of my neighbors, which is made possible by the organization of society and the institution of taxes.

"If I had to educate my children all by myself, paying for it all out of my own pocket, the cost would be many times the TOTAL of my taxes.

"So, you see, I really get a lot in return for the taxes I pay."

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WE HAVE fallen into the habit of thinking of our taxes as all going out and nothing coming back. It isn't that way at all. We GET A LOT BACK for the taxes we pay. If we had to do without what we get for our tax money, we would miss it frightfully. Life would be very hard indeed without these things.

Mr. Peterson has given us something worth thinking about.

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HERE IS another thought that is worth while:

"If we were able to shift all the taxes to 10 per cent of the people," Mr. Peterson told his hearers, "it wouldn't be good for us in the long run, for those who pay the taxes eventually OWN THE GOVERNMENT."

That has been true in the past, in other countries and other civilizations. It may not be true in this country NOW, but it might be true some day.

We don't want to run that risk.

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"THE THING to do," Mr. Peterson said, "is to spread the base, so that everybody will pay SOME taxes. Of course, while we are doing that, we should make it possible for everybody to earn enough to be ABLE to pay taxes, but the principle of everybody paying something is sound."

Put that way, it certainly sounds reasonable, doesn't it?

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MR. PETERSON spoke in support of the sales tax, which will be voted on in July. The sales tax, he says, is ANOTHER tax, truly enough, but not an ADDITIONAL tax, because it will take the place of the present state tax on property.

To the owner of property, he says, it will save more than it will cost.

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THIS writer, incidentally, expects to vote for the sales tax, not with any enthusiasm for it as a tax principle, but because in the present emergency it seems to be about the only way to raise money enough to save the state's credit.

It is offered as an emergency measure, and will continue only two years. If, at the end of that time, we don't re-enact it, it will die automatically.

Telling the Editor

KLAMATH FALLS, Ore. (To The Editor)—A short time ago the Interstate Commerce Commission permitted the Chicago, St. Paul, Minneapolis and Omaha to abandon its line from Wynot to Coburn, Nebraska.

The principal reason that the 60-mile railroad had ceased to be profitable was the commercial truckers had taken away the greater part of the traffic which formerly moved over the line.

Aside from the inconvenience caused by the abandonment of the road a tremendous loss of taxes will result. The direct railroad tax estimated at nearly $100,000, a portion of which will be lost by every county, village and school district thru which the road passes. Necessarily grain elevators, lumber and coal yards will be abandoned, and people will be required to haul their products greater distances to market, as well as truck in their supplies, then there will be further losses on lumber, coal and other stocks.

As a natural result, realty and other values in towns and villages will decrease, thus enhancing the tax burdens on other classes of property. It is a sad prospect, but it should occasion no surprise. People want the railroads when they see them vanishing, but apparently fail to appreciate them until their abandonment is threatened.

Klamath Falls is fortunate in having two of the greatest industries in the world, lumber and two large railroad systems to supply the city. There is a great future for Klamath Falls if the business men can only visualize it. But it is necessary to enlarge upon and increase the chief industries of our community if we want to bring back prosperity.

The railroads own and maintain their own rights of way. The motor trucks use the public highways, constructed and maintained at public expense. The railroads are taxed in each state in which they operate. Trucks are only taxed in their home state and usually are allowed to use the highways of other states without even being required to pay a registration fee for the privilege.

The business man who ships his goods by truck in paper cartons is not a good booster for home industries of Klamath Falls. Should the majority of the business men do likewise, Klamath Falls would soon revert to the little cow town of the past. The railroads are the backbone of the country and without them no city can prosper, but they cannot subsist if they are used as an emergency only.

Klamath Falls needs more boosters to promote its growth and bring back prosperity. Our slogan should be: Ship by rail in wooden boxes and watch Klamath Falls grow.

MRS. T. W. O'BRIEN,
President of the Ship By Rail Club.

KLAMATH TO JOIN LAKE'S OPENING

People of this community have been invited to join in the third annual good-will tour of Shasta-Cascadians as a week-end trip, June 30, July 1, 2. Several are planning to join at some place on the line.

The goal of the trip will be Crater Lake National Park, which will be officially opened Saturday, July 1, with a rousing time afternoon and evening. The Klamath Junior chamber of commerce has details of the schedule of events.

Many prominent officials, newspaper men and distinguished guests will participate. Entertainment provided all along the line will make the trip a memorable one.

Herders Put Wage Plea Before Credit Board in Portland

A letter was mailed Thursday to the regional agricultural credit corporation in Portland from the Klamath Sheepherders association, asking that demands for an increase in wages be given careful and sympathetic consideration.

Correspondence was made after the secretary of the Klamath Stockgrowers Loan company had given information that the Federal Intermediate Credit bank set the herders' wages at $40 per month, and that local authorities have no power to raise the wages.

In the letter to the credit bank, the association reviewed the herders' working conditions, and declared if the Federal Intermediate Credit bank had fixed the $40 per month maximum, it was done without adequate information and without consulting the men most directly involved.

"To safeguard the flocks in which usually is invested a value of not less than $10,000, and represented by 2,500 head of animals to each man employed, the herder must be an experienced man with sheep, must be dependable, must usually be working by himself without human companionship, must be constantly alert every hour of the 24 during the day and particularly at night time when predatory animals may attack the flock," the letter stated.

Living conditions of the camp life, usually with poor water and unsanitary food conditions, were described, and a scale of wages paid for the past three years.

The association reported that the wage in 1930 was $100; in 1931, $75; and in 1932 up to June, $80; from June to the present time the wage has varied from $40 to as high as $60 in some instances.

A wage of $60 per month is being demanded by the herders at the present time, fair, they declare, because of the up-trend in wool and sheep prices.

Earlier Days

(From Files of The Klamath Republican, June, 1909)

At the school election held Monday afternoon F. T. Sanderson was re-elected director and J. W. Siemens clerk. A number of votes were also cast for C. B Crisler for clerk and H. T. Chitwood for director.

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The employes of the Klamath Lake railway and the Algoma Lumber company and their friends and neighbors will unite in a celebration of the Fourth of July at Pokegama, Monday, July 5. Log rolling in the mill pond, baseball, foot races with fire works and a dance in the evening are among the features of the day's program.

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A regular meeting of the chamber of commerce will be held at the courthouse next Thursday evening, at which business of importance will be transacted. It is hoped that every member of the body will be present.

SWAN LAKE

SWAN LAKE, Ore.—L. L. Arnett and daughter LaVena returned home on Sunday from Stockton, Calif., where they had taken Grandpa Arnett, who had the misfortune of losing his eye.

Ralph Arnett and Miss Josephine Baker were visitors at the Arnett ranch on Sunday.

Mr. and Mrs. Cornelius Jansen of Antelope Valley are the proud parents of a baby girl.

Paul Arnett and family and friends were at the Arnett ranch Wednesday evening.

Thermometer tests in capitol at Washington showed the house chamber was two degrees warmer than that of the senate, which seems to indicate that the house has the most hot air although we had always believed the honors were about even.